



Idaho Public Utilities Commission

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Case No. AVU-G-14-03, Order No. 33196

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Commission accepts Avista Utilities' 20-year natural gas plan

BOISE (Dec. 26, 2014) – The Idaho Public Utilities Commission has accepted a plan by Avista Utilities to meet customer demand for natural gas over the next 20 years. The company's Integrated Resource Plan (IRP) is updated every two years.

However, the commission said neither Avista's IRP nor its 2015 Business Plan address when it might be cost-effective for Avista to resume offering incentives to customers to reduce natural gas consumption. Avista suspended its demand-side management (DSM) programs for natural gas customers in 2012 after natural gas prices dropped to the point that the DSM programs were no longer cost-effective. Still, Avista's 2014 IRP indicates a Conservation Potential Assessment for 228,000 therms of natural gas savings in 2015, increasing to 3.6 million therms by 2034.

Avista maintains its Conservation Potential Assessment uses "high-level assumptions" that may be overly optimistic and that the issue should be further explored in the company's 2015 Business Plan rather than in the context of its IRP. The commission directed Avista to file an addendum to its business plan within 60 days that analyzes the CPA results and addresses whether it might be cost-effective to resume DSM programs.

The commission commended the company for its efforts to make its IRP planning process more transparent and available to Avista's northern Idaho natural gas customers. The Technical Advisory Committee, which includes commission staff, peer utilities, customers and other stakeholders, conducted meetings in a number of locations more convenient for Idaho stakeholders. Avista also recorded a meeting and made it electronically available to customers.

Customer demand remains low, thus Avista does not anticipate a need to acquire additional natural gas resources beyond what it already provides. Demand is down due partly to the recession, while the availability of natural gas increases because of the abundant supply of shale gas. The company anticipates growth in customer demand of only 0.7% annually.

However, due to enough uncertainties regarding future natural gas supply and price, Avista's plan outlines a number of scenarios and how it would respond to each one. The uncertainties

that could impact demand for natural gas include 1) the amount of liquefied natural gas (LNG) exports, 2) the market for natural gas vehicles and 3) the amount of increased natural gas that may be needed for electric generation.

Existing and new LNG facilities are looking to export low-cost North American gas to higher-priced Asian and European markets, the Avista IRP states. In Canada, 16 LNG export projects are in various stages of permitting and there are two proposed terminals in Oregon. “LNG exporting has the potential to alter the price, constrain existing pipeline networks, stimulate development of new pipeline resources, and change flows of natural gas across North America,” the IRP states.

Avista claims it has a diversified portfolio of gas supply resources, including contracts to buy gas from several supply basins, stored gas and firm capacity rights on six pipelines.

The company’s identifies a number of steps it will take in its “action plan,” to address future concerns:

- Monitor demand for indications of deviations from expected growth and provide a report twice yearly to commission staff on forecasted customer growth and use per customer as compared to actual growth.
- Continue to monitor supply-side resource trends including the availability and price of natural gas to the region, LNG exports, Canadian natural gas supply and consumption, and the availability of storage infrastructure.
- Meet regularly with commission staff to provide information on market activities and significant changes in the IRP’s assumptions or natural gas procurement practices.

The commission’s acceptance of the plan should not be interpreted as an endorsement of all parts of the plan, but only as an acknowledgement that Avista has met the requirements to file the document and that it includes the necessary information required by previous commission orders.

The commission’s final order, as well as a copy of Avista’s IRP and other documents related to this case, is available on the commission’s Web site at www.puc.idaho.gov. Click on “Open Cases” under the “Natural Gas” heading and scroll down to Case No. AVU-G-14-03.

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